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Draft Model Law on Secured Transactions

Note by the Secretariat

Addendum

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Chapter IV. The registry system

Section I. Establishment of the security rights registry and appointment of the registrar

Article 19. Establishment of the security rights registry

The security rights registry is established for the registration of notices with respect to security rights in accordance with this Law and the Regulation.

[*Note to the Working Group: The Working Group may wish to note that the term "Regulation" is defined in article 2. The Working Group may also wish to consider which of the definitions of the Registry Guide may need to be added to article 2. The Working Group may also wish to note that the Guide to Enactment will explain that the enacting State may establish the security rights registry under another law.*]

Article 20. Appointment of the registrar

The [the name of the appropriate executive or ministerial authority to be specified by the enacting State] is authorized to appoint and dismiss the registrar, and determine the registrar's duties.

Section II. Access to registry services

Article 21. Public access to registry services, conditions and rejection of access

1. The security rights registry is open to the public in accordance with this Law and the Regulation.

2. Any person may submit a notice to the registry for registration if that person:

(a) Uses the appropriate notice form prescribed by the [registrar] [Regulation];

(b) Identifies itself in the manner prescribed by the registrar; and

(c) Has paid, or made arrangements to pay to the satisfaction of the registrar, any fee prescribed by the [registrar] [Regulation].

3. Any person may submit a search request to the registry if that person:

(a) Uses the search request form prescribed by the [registrar] [Regulation]; and

(b) Has paid, or made arrangements to pay to the satisfaction of the registrar, any fee prescribed by the [registrar] [Regulation].

4. The reason for the rejection of access is communicated by the registrar to the registrant as soon as practicable.

[*Note to the Working Group: The Working Group may wish to consider whether both alternatives in square brackets in subparagraphs 2(a), 2(c), 3(a) and 3(b) of this article may be retained to leave it to each enacting State to determine*

whether these matters should be left to the registrar or settled in the Regulation. The Working Group may also wish to note that the term "registrar" is used instead of the term "registry" as the latter term is defined as a system and not as a person (the registrar may need to be defined to include the registry staff.]

Article 22. Rejection of a notice or search request

1. The registration of a notice is rejected by the registrar if no information is entered in one or more of the required designated fields or if the information provided is not legible.

2. A search request is rejected by the registrar if no information is entered in at least one of the fields designated for entering a search criterion or if the information is not legible.

3. The reason for the rejection is communicated by the registrar to the registrant as soon as practicable.

Article 23. No additional conditions to be imposed on access to registry services

1. Information about the registrant's identity is obtained from the registrant and maintained by the registrar in accordance with article 21, subparagraph 2 (b), but verification of that information is not required.

2. Evidence of the existence of the authorization of the person named in a notice as the grantor is not required for the registration of a notice.

3. Except as provided in article 22, the registrar does not reject the registration or conduct any scrutiny of the content of a notice submitted to the registry for registration.

[*Note to the Working Group: The Working Group may also wish to consider whether in this or other article of the draft Model Law, or in the Guide to Enactment, it should be indicated that, while the date and time of registration is maintained in the public record (see article 27, subpara. 2), the identity of the registrant is maintained in a part of the record of the registry that is not public. The Working Group may also wish to consider whether the identity of the registrant should be maintained in the archives after the notice to which it relates has been cancelled, removed from the public registry record and archived.*]

Section III. Registration (general)

Article 24. Grantor's authorization for registration

1. Registration of an initial notice is ineffective unless authorized by the grantor in writing, before or after registration.

2. Registration of an amendment notice is ineffective unless authorized by the grantor in writing, before or after registration, only if the amendment notice:

(a) Adds a description of new encumbered assets;

[(b) Increases the maximum amount for which the security right to which the registration relates may be enforced;]

(c) Adds a new grantor in which event the authorization of the new grantor is required unless the new grantor is a transferee of an encumbered asset described in a previously registered notice to which the amendment notice relates;

(d) [...].

3. [Unless otherwise agreed,] a written security agreement between the persons named in a notice as the grantor and the secured creditor, or a written agreement that amends their security agreement, is sufficient to constitute authorization for the registration of a notice covering the assets described therein.

[*Note to the Working Group: The Working Group may wish to note that the registration of an amendment notice that adds encumbered assets or increases the maximum amount may affect intervening secured creditors, and therefore takes effect only when the registration of the amendment notice (not the initial notice) becomes effective (see article 27 below). The Working Group may also wish to note that: (a) if an amendment notice adds encumbered assets that are the proceeds of encumbered assets described in a previously registered notice, there is no need to obtain the grantor's additional authorization, as the security right extends to proceeds by law (see article 8); and (b) if the proceeds are cash proceeds or are sufficiently described in a previously registered notice, there is no need to register an amendment notice (see article 14, para. 1). The Working Group may also wish to note that the bracketed text in paragraph 3, which was included at the request of the Working Group for further consideration (see A/CN.9/796), may not be necessary in view of the new text of article 3 on party autonomy.*]

Article 25. A notice may relate to more than one security right

A single notice may relate to one or more than one security right arising under one or more than one security agreement between the secured creditor and the grantor identified in the notice.

[*Note to the Working Group: The Working Group may wish to consider whether in the text of this article or in the Guide to Enactment it should be pointed out that the registration of a single notice is sufficient to make effective against third parties a security right in encumbered assets that are not necessarily described in the notice, notably in cash proceeds (see article 14, para. 1).*]

Article 26. Time when a notice may be registered

1. An initial or amendment notice may be registered before or after the conclusion of the security agreement, or any agreement amending the security agreement, to which the notice relates.

2. A cancellation notice may be registered at any time.

Article 27. Time of effectiveness of a registered notice

1. The registration of an initial or amendment notice is effective from the date and time when the information in the notice is entered into the registry record so as to be accessible to searchers of the public registry record.

[2. The date and time when the information in an initial or amendment notice is entered into the registry record so as to be accessible to searchers is indicated in the public registry record.

3. Information in initial or amendment notices is entered into the registry record as soon as practicable after the notices are submitted and in the order in which they were submitted.]

4. The registration of a cancellation notice is effective from the date and time when the information in any initial or amendment notice to which it relates is no longer accessible to searchers of the public registry record.

[5. The date and time when the information in any initial or amendment notice to which a cancellation notice relates is no longer accessible to searchers is indicated in the registry record.]

[*Note to the Working Group: The Working Group may wish to consider whether paragraphs 2 and 5 of this article that appear within square brackets should be deleted, while the Guide to Enactment could explain that these matters should be addressed in the Regulation.*]

Article 28. Period of effectiveness of a registered notice

Option A

1. A registered notice is effective for [a period of time to be specified by the enacting State].

2. The period of effectiveness of a registered notice may be extended by the registration of an amendment notice indicating this intent in the designated field within [a period of time, such as six months, to be specified by the enacting State] before its expiry.

3. The registration of an amendment notice in accordance with paragraph 2 of this article extends the period of effectiveness for [the period of time specified in paragraph 1 of this article] beginning from the time the current period would have expired if the amendment notice had not been registered.

Option B

1. A registered notice is effective for the period of time indicated by the registrant in the designated field in the notice.

2. The period of effectiveness of a registered notice may be extended at any time before its expiry by the registration of an amendment notice that indicates in the designated field a new period of effectiveness.

3. The registration of an amendment notice in accordance with paragraph 2 of this article extends the period of effectiveness for the period of time specified in the amendment notice beginning from the time the current period would have expired if the amendment notice had not been registered.

Option C

1. A registered notice is effective for the period of time indicated by the registrant in the designated field in the notice, not exceeding [a maximum period of time to be specified by the enacting State].

2. The period of effectiveness of a registered notice may be extended within [a period of time, such as six months, to be specified by the enacting State] before its expiry by the registration of an amendment notice that indicates in the designated field a new period of effectiveness not exceeding [the maximum period of time specified in paragraph 1.

3. The registration of an amendment notice in accordance with paragraph 2 of this article extends the period of effectiveness for the period of time specified in the amendment notice beginning from the time the current period would have expired if the amendment notice had not been registered.

Article 29. Organization of information in registered notices

The registry record is organized so that:

(a) A unique registration number is assigned to a registered initial notice and all registered amendment and cancellation notices that contain that number are associated with the initial notice in the registry record;

(b) The information in a registered initial and in any associated registered notices can be retrieved by a search of the registry record that uses the identifier of the grantor or the registration number assigned to the initial notice as the search criterion;

(c) The identifier and address of the person identified as the secured creditor in multiple registered notices can be amended by the registration of a single global amendment notice; and

(d) The registration of an amendment or cancellation notice does not result in the deletion or modification of information contained in any associated registered notices.

[*Note to the Working Group: The Working Group may wish to consider whether a definition of the term "registration number" should be included in article 2.*]

Article 30. Preservation of integrity of the information in registered notices

1. Except as provided in articles 32 and 33, information contained in registered notices may not be amended or removed by the registrar from the registry record.

2. The information contained in registered notices is backed up so as to allow reconstruction in the event of loss or damage.

[Article 31. Obligation to send a copy of a registered notice

1. A copy of the information in a registered notice, indicating the date and time when the registration of the notice became effective and the registration number, is

sent by the registrar to the person identified in the notice as the secured creditor at the address set forth in the notice, as soon as practicable after its registration.

2. Within [a short period of time, such as ten days, to be specified by the enacting State] after the person identified in a registered notice as the secured creditor has received a copy of a registered notice in accordance with paragraph 1 of this article, that person must send a copy of the registered notice to the person identified in the notice as the grantor at the address set forth in the notice, or if that person knows that the address has changed, at the most recent address known to that person or an address reasonably available to that person.]

[*Note to the Working Group: The Working Group may wish to note that, in view of the decision of the Working Group at its 24th session (see A/CN.9/796, para. 87), this article appears within square brackets for further consideration. The Working Group may also wish to consider whether this article should be split in two, one dealing with the obligation of the registrar and the other dealing with the obligation of the secured creditor. The Working Group may also wish to note that paragraph 2 of this article includes changes aimed at simplifying the rule contained in recommendation 18 of the Registry Guide, on which it is based.*]

Article 32. Removal of information from the public registry record and archival

1. Information in a registered notice is removed from the public registry record upon the expiry of the period of effectiveness of the notice in accordance with article 28 or upon registration of a cancellation notice in accordance with article 46 or 47.

2. Information removed from the public registry record in accordance with paragraph 1 of this article is archived for a period of at least [a long period of time, such as, for example, twenty years, to be specified by the enacting State] in a manner that enables the information to be retrieved by the registry in accordance with article 29, subparagraph (b).

Article 33. Language in which information in a notice must be expressed

The information contained in a notice must be expressed in [the language or languages to be specified by the enacting State] and in the character set determined and publicized by the registry.

[*Note to the Working Group: The Working Group may wish to consider whether this article should be retained or deleted and the matter addressed therein discussed in the Guide to Enactment. If the Working Group decides that this article should be retained, it may wish to consider its placement in the draft Model Law (for example, whether it should follow article 22, which provides that a notice that is illegible is rejected). Alternatively, the Working Group may wish to consider whether the article 41 should provide that where the information in a registered notice is not expressed in the required language or languages the registration of the notice is ineffective or ineffective if it would seriously mislead a reasonable searcher.*]

[Article 34. Correction of errors by the registrar

1. If the registrar makes an error or omission in entering into the registry record the information contained in a paper notice submitted to the registry for registration or erroneously removes from the registry record all or part of the information contained in a registered notice, promptly after discovering the need for the correction or restoration, the registrar must

Option A

register a notice to correct the error or omission, or restore the erroneously removed information and send a copy of the notice to the secured creditor.

Option B

inform the secured creditor identified in the registered notice so as to enable the secured creditor to register a notice to correct the error or omission or restore the erroneously removed information.

2. If a notice referred to in paragraph 1 of this article is registered, it is effective

Option A

as of the time it becomes accessible to searchers of the registry record.

Option B

as of the time it becomes accessible to searchers of the registry record, except that the security right to which the notice relates retains the priority it would otherwise have under the Law over the right of a competing claimant that acquired its right prior to the registrar's error or omission or the registrar's erroneous removal of the information.

Option C

as if the error or omission had never been made or the information had never been erroneously removed.

Option D

as if the error or omission had never been made or the information had never been erroneously removed, except that the security right to which the notice relates is subordinate to the right of a competing claimant that would have priority if the notice were treated as effective only from the time of its registration and that acquired its right in reliance on a search of the registry record made before the notice was registered, provided the competing claimant did not have actual knowledge of the error or omission or the erroneous removal of the information at the time it acquired its right.]

[*Note to the Working Group: The Working Group may wish to note that the options set out in this article parallel, with the necessary modifications, the options set out in article 43, paragraph 3, dealing with the effectiveness of amendment or cancellation notices not authorized by the secured creditor. Accordingly, the Guide to Enactment will explain that an enacting State should take into account both*

articles in determining which option to adopt to ensure that the options selected are compatible.]

[Article 35. Liability of the registrar

Alternative A

Any liability that the registrar may have under other law for loss or damage caused to a person by an error or omission in the administration or operation of the registry is limited to:

(a) An error or omission in a search result issued to a searcher or in a copy of a registered notice sent to the secured creditor [up to an amount of [maximum amount of liability to be specified by the enacting State]; and

(b) Loss or damage caused by an error or omission on the part of the registrar in entering or failing to enter into the registry record the information contained in a paper notice or in erroneously removing all or part of the information contained in a registered notice from the registry record [up to an amount of [maximum amount of liability to be specified by the enacting State]].

Alternative B

The registrar is not liable for loss or damage caused to a person by an error or omission in the administration or operation of the registry.]

[*Note to the Working Group: The Working Group may wish to note that the Guide to Enactment will explain that: (a) alternative A of this article is intended to leave the issue of the liability of the registrar (or the enacting State) for loss or damage caused by an error or omission in the administration or operation of the registry to other law of the enacting State and, if liability is foreseen by that other law, to limit that liability to the types of errors or omissions listed in alternative A (which may be covered by a compensation fund that the registrar or the enacting State may wish to establish and pay from the registry fees); and (b) alternative B is intended to exclude any liability of the registry (or the enacting State) for errors or omissions in relation to the administration or operation of the registry. The Working Group may further wish to note that alternative A does not contemplate any liability for the alleged failure of the registry system to properly or completely enter information directly submitted by a registrant electronically since it would be impossible to prove that this was due to the fault of the system as opposed to the registrant's own error or omission but that the secured creditor is still protected since the registrar is obligated to send a copy of the registered notice to the secured creditor who can then verify the accuracy and completeness of the information. Finally, the enacting State may also wish to address liability for false or misleading information provided by the registrar or registry staff to registrants or searchers.*]

Section IV. Registration of initial notices

Article 36. Information required in an initial notice

An initial notice submitted to the registry for registration must contain the following items of information set out in the designated field for each item:

(a) The identifier and address of the grantor [and any additional item of information that the enacting State may decide to permit or require to be entered to assist in uniquely identifying the grantor];

(b) The identifier and address of the secured creditor or its representative; [and]

(c) A description of the encumbered asset;

[(d) The period of effectiveness of the registration;[1] and

(e) A statement of the maximum amount for which the security right to which the registered notice relates may be enforced.][2]

Article 37. Determination of grantor identifier

1. Where the grantor is a natural person:

(a) [Subject to subparagraph 1(c) of this article, the] [The] identifier of the grantor is the name of the grantor, as it appears in [the official documents on the basis of which the grantor's name should be determined and the hierarchy among those official documents, to be specified by the enacting State];

(b) [The enacting State should specify the various components of the grantor's name that must be entered in the prescribed registry notice form and provide the designated fields for each component in the notice]; and

(c) [The enacting State should address the possibility that the name of the grantor as it appears in the relevant document or source specified in subparagraph 1(a) of this article may have been changed in accordance with applicable change of name law and whether, in this eventuality, it should specify that the new name of the grantor should be entered.]

2. Where the grantor is a legal person, the grantor identifier is the name of the grantor that appears in the most recent [document, law or decree to be specified by the enacting State] constituting the legal person.

3. [The enacting State should specify whether additional information must be entered in the designated field of the prescribed registry notice form in special cases, such as where the grantor is subject to insolvency proceedings, a trustee, or a representative of the estate of a deceased person.]

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[1] This provision will be necessary, if the enacting State implements option B or C of article 28.

[2] This provision will be necessary, if the enacting State decides to require an indication in a registered notice of the maximum monetary amount for which the security right to which the notice relates may be enforced (see *Secured Transactions Guide*, rec. 57, subpara. (d)).

Article 38. Impact of a change of the grantor's identifier after registration

1. If the grantor's identifier changes after a notice is registered and the secured creditor registers an amendment notice adding the new identifier of the grantor within [a short period of time, such as thirty days, to be specified by the enacting State] after the change, the security right to which the notice relates retains its third-party effectiveness and priority.

2. If the grantor's identifier changes after a notice is registered and the secured creditor registers an amendment notice adding the new identifier of the grantor after the expiration of the time period indicated in paragraph 1 of this article, the security right to which the notice relates is:

(a) Subordinate in priority to a competing security right with respect to which a notice is registered or which is otherwise made effective against third parties after the change in the grantor's identifier but before the registration of the amendment notice; and

(b) Ineffective against a person that buys, leases or licenses the encumbered asset after the change in the grantor's identifier but before the registration of the amendment notice.

[*Note to the Working Group: The Working Group may wish to note that the Guide to Enactment will explain that: (a) if the secured creditor registers the amendment notice during the "grace period" contemplated in paragraph 1 of this article, the third-party effectiveness and priority of its security right is preserved as against the categories of competing claimants described in this article even if they acquired their rights prior to the registration of the amendment notice; (b) while a secured creditor's failure to register an amendment notice adding the grantor's new identifier has the negative priority consequences against the categories of competing claimants described in this article, it does not prejudice the third-party effectiveness or priority of its security right as against other categories of competing claimants such as the grantor's insolvency representative; (c) while the "grace period" begins to run from the time of the name change regardless of whether or not the secured creditor actually knew about the name change before the expiry of that period, the later registration of an amendment notice will still protect the secured creditor as against the categories of competing claimants described in this article if their rights arise after the registration; and (d) an amendment notice must be registered for the purposes of the rules stated in this article only if the name change would make the registration irretrievable by a searcher using the new name of the grantor as the search criterion.*]

Article 39. Determination of secured creditor identifier

1. Where the secured creditor is a natural person, the secured creditor identifier is the name of the secured creditor as it appears in [the official documents on the basis of which the secured creditor's name should be determined and the hierarchy among those official documents, to be specified by the enacting State].

2. Where the secured creditor is a legal person, the secured creditor identifier is the name of the secured creditor that appears in the most recent [document, law or decree to be specified by the enacting State] constituting the legal person.

3. [The enacting State should specify whether additional information must be entered in the designated field of the prescribed registry notice form in special cases, such as where the secured creditor is subject to insolvency proceedings, a trustee, or a representative of the estate of a deceased person.]

Article 40. Sufficient description of encumbered assets

1. The encumbered assets must be described in the designated field of the notice in a manner that reasonably allows their identification.

2. A generic description that refers to all of the grantor's movable assets within a generic category includes all of the grantor's present and future assets within that category.

3. A generic description that refers to all of the grantor's movable assets includes all of the grantor's present and future movable assets.

Article 41. Impact of errors in required information

1. The secured creditor is responsible for ensuring that the information in a notice submitted to the registry for registration is set forth in the correct designated field in the notice and that the information is accurate and complete, and conforms to the requirements of the Law and the Regulation.

2. An incorrect statement of the grantor identifier in a notice does not render the registration of the notice ineffective if the notice would be retrieved by a search of the registry record using the grantor's correct identifier as the search criterion.

3. Except as provided in paragraph 4 of this article, an incorrect or insufficient statement of the information required in a notice other than the grantor's identifier does not render the registration of the notice ineffective unless the error would seriously mislead a reasonable searcher.

[4. An incorrect statement in a notice with respect to the period of effectiveness of registration[3] or the maximum amount for which the security right may be enforced,[4] does not render a registered notice ineffective[, except to the extent it seriously misled third parties that relied on the information set out on the registered notice].]

5. An incorrect statement of the grantor identifier in a notice does not render the registration of the notice ineffective with respect to other grantors correctly identified in the notice.

6. An insufficient description of an encumbered asset in a notice does not render the registration of the notice ineffective with respect to other encumbered assets sufficiently described.

[*Note to the Working Group: The Working Group may wish to consider whether the bracketed text at the end of paragraph 4 (which comes from rec. 29, subpara. (c) of the Registry Guide, which in turn comes from rec. 66 of the Secured Transactions Guide) should be retained. While if the period of effectiveness or*

[3] This provision will be necessary, if the enacting State implements option B or C of article 28.

[4] This provision will be necessary, if the enacting State decides to require an indication in a registered notice of the maximum monetary amount for which the security right to which the notice relates may be enforced (see *Secured Transactions Guide*, rec. 57, subpara. (d)).

maximum amount indicated in the notice is greater or lower than it was actually intended, the notice is effective and third parties relying on the notice as it appears on the registry record are protected (this point may be clarified in the Guide to Enactment or in para. 4 of this article). In this respect, the Working Group may wish to note that the Guide to Enactment will explain that: (a) the reference to a reasonable searcher in paragraph 3 means that the "seriously misleading test" in this paragraph is objective (that is, it is not necessary for a competing claimant to establish that it was actually misled as a result of the error in order for an error that would be seriously misleading from the perspective of a reasonable searcher to render a registration ineffective); and (b) the reference in paragraph 4 to parties that actually relied to their detriment on an erroneously stated registration period or maximum amount in a registered notice means that the "seriously misleading test" in this paragraph is subjective (that is, a third party challenging the notice needs to establish that it was actually misled as a result of the error; see Secured Transactions Guide, chap. IV, paras. 84 and 96).]

Article 42. Impact of a transfer of an encumbered asset after registration

Option A

1. If an encumbered asset covered by a registered notice is transferred after the notice is registered and the secured creditor registers an amendment notice adding the transferee's name as a new grantor within [a short period of time, such as thirty days, to be specified by the enacting State] after the transfer, the security right to which the notice relates retains its third-party effectiveness and priority.

2. If the secured creditor registers an amendment notice adding the transferee's name as a new grantor after the expiration of the time period indicated in paragraph 1 of this article, the security right to which the notice is:

(a) Subordinate in priority to a competing security right with respect to which a notice is registered or which is otherwise made effective against third parties after the transfer but before the registration of the amendment notice; and

(b) Ineffective as against the right of a person that buys, leases or licenses the encumbered asset after its transfer but before the registration of the amendment notice.

Option B

1. If an encumbered asset covered by a registered notice is transferred after the notice is registered and the secured creditor registers an amendment notice adding the transferee's name as a new grantor within [a short period of time, such as thirty days, to be specified by the enacting State] after the transfer, the security right to which the notice relates retains its third-party effectiveness and priority.

2. If the secured creditor registers an amendment notice adding the transferee's name as a new grantor after expiration of the time period indicated in paragraph 1 of this article, starting when the secured creditor acquires knowledge about the transfer of the encumbered asset, the security right to which the notice relates:

(a) Is subordinate to a security right with respect to which a notice is registered or which is otherwise made effective against third parties after the transfer but before the registration of the amendment notice; and

(b) Is ineffective as against a right of a person that buys, leases or licenses the encumbered asset after its transfer but before the registration of the amendment notice.

Option C

Registration of an initial or amendment notice in the security rights registry remains effective notwithstanding a transfer of the encumbered asset.

[*Note to the Working Group: The Working Group may wish to consider whether it should be clarified in this article or in the Guide to Enactment that this article does not apply to outright transfers of receivables. Outright transfers of receivables fall within the scope of the Law and the transferee must register in order to make its right effective against third parties in the same way as a secured creditor that acquires a security right in receivables.*]

Section V. Registration of amendment and cancellation notice

Article 43. Secured creditor's authorization

1. The person identified in the notice as the secured creditor may register an amendment or cancellation notice relating to that initial notice at any time.

2. In the case of a change in the secured creditor identified in a registered initial notice, the new secured creditor may register an amendment or cancellation notice relating to the initial notice at any time after the change.

Option A

3. The registration of an amendment or cancellation notice is effective regardless of whether it was authorized by the secured creditor in writing or ordered by a judicial or administrative authority, before or after registration.

Option B

3. The registration of an amendment or cancellation notice is effective regardless of whether it was authorized by the secured creditor in writing or ordered by a judicial or administrative authority, before or after registration, except that it does not affect the third-party effectiveness or priority of the security right to which it relates as against the right of a competing claimant over which the security right had priority immediately before the registration of the amendment or cancellation notice.

Option C

3. The registration of an amendment or cancellation notice is not effective if it was not authorized by the secured creditor in writing or ordered by a judicial or administrative authority, before or after registration.

Option D

3. The registration of an amendment or cancellation notice is not effective if it was not authorized by the secured creditor in writing or ordered by a judicial or administrative authority, before or after registration, except that it does not affect the priority of the security right to which it relates as against the right of a competing claimant which would have priority if the registration were treated as effective and which was acquired in reliance on a search of the registry record made after the amendment or cancellation notice was registered provided the competing claimant did not have actual knowledge that the registration of the notice was unauthorized at the time it acquired its right.

[*Note to the Working Group: The Working Group may wish to note that the matter addressed in this article was not dealt with in the Secured Transactions Guide but it was discussed in the Registry Guide (paras. 258-268). The Working Group may also wish to consider whether options C and D of this article are compatible with the Secured Transactions Guide (rec. 74) and the Registry Guide (rec. 20), according to which upon registration of a cancellation notice, information contained in a registered notice is to be removed from the public registry record and archived.*]

Article 44. Information required in an amendment notice

1. An amendment notice must contain the following items of information in the designated field for each item:

(a) The unique registration number assigned by the registry to the initial notice to which the amendment relates; and

(b) The information to be added, deleted or changed, as the case may be.

2. An amendment notice may relate to one or more than one item of information in a notice.

Article 45. Global amendment of secured creditor information

Option A

A person may register a single global amendment notice to amend its identifier and address in all registered notices in which it is identified as the secured creditor.

Option B

A person may request the registrar to register a single global amendment notice to amend its identifier and address in all registered notices in which it is identified as the secured creditor.

[*Note to the Working Group: The Working Group may wish to note that the Guide to Enactment will explain that, if an enacting State adopts the first option stated in this article, it will need to establish special access procedures to enable a*

person to identify all notices in which it is named as the secured creditor and to register a global amendment notice, since the identifier of the secured creditor is not a search criterion generally available to the public for searching the public registry record.]

Article 46. Information required in a cancellation notice

A cancellation notice must contain in the designated field the unique registration number assigned by the registry to the initial notice to which the cancellation relates.

Article 47. Compulsory registration of an amendment or cancellation notice

1. The secured creditor must register an amendment or cancellation notice, as the case may be, if:

(a) The registration of an initial or amendment notice has not been authorized by the grantor at all or the notice contains information that exceeds the scope of the grantor's authorization;

(b) The registration of an initial or amendment notice has been authorized by the grantor but the authorization has been withdrawn and no security agreement has been concluded;

(c) The security agreement to which the registered notice relates has been revised in a way that makes some or all of the information contained in the notice incorrect or insufficient and the grantor has not otherwise authorized the registration; or

(d) The security right to which the notice relates has been extinguished by payment or other performance of the secured obligation or otherwise and there is no further commitment by the secured creditor to extend credit secured by the encumbered assets to which the notice relates.

2. In a case falling within of subparagraphs 1(b) to (d) of this article, the secured creditor may charge the grantor any fee agreed between them for registering an amendment or cancellation notice.

3. Not later than [a short period of time, such as fifteen days, to be specified by the enacting State] days after receipt of a written request from the grantor, the secured creditor must comply with its obligation under subparagraph 1(a) of this article.

4. Notwithstanding paragraph 2 of this article, no fee or expense may be charged or accepted by the secured creditor for complying with a written request from the grantor sent in accordance with paragraph 3 of this article.

5. If the secured creditor does not comply with the grantor's request within the time period indicated in paragraph 3 of this article, the grantor is entitled to seek the registration of an amendment or cancellation notice, as the case may be, through [a summary judicial or administrative procedure to be established by the enacting State].

6. The grantor is entitled to seek the registration of an amendment or cancellation notice, as the case may be, in accordance with the procedure referred to in paragraph 5 even before the expiry of the time period indicated in paragraph 3 of this article.

7. An amendment or cancellation notice, as the case may be, ordered to be registered in accordance with the procedure referred to in paragraph 5 of this article is registered by

Option A

the registrar as soon as practicable after the notice is submitted to the registry for registration with a copy of the relevant judicial or administrative order attached.

Option B

the judicial or administrative officer who ordered the notice to be registered as soon as practicable after the issuance of the relevant judicial or administrative order with a copy thereof attached.

Section VI. Searches

Article 48. Search criteria

A search of the public registry record may be conducted according to:

(a) The identifier of the grantor; or

(b) The registration number assigned to the registered notice.

Article 49. Search results

Option A

1. A search result that indicates the date and time when the search was performed and either lists any registered notices that contain information that matches the search criterion provided by the searcher exactly and sets forth the registration history and all the information contained in these notices, or indicates that no registered notice contains information that exactly matches the search criterion provided by the searcher.

Option B

1. A search result that indicates the date and time when the search was performed and either lists any registered notices that contain information that matches the search criterion provided by the searcher exactly and closely, and sets forth the registration history and all the information contained in these notices, or indicates that no registered notice contains information that exactly or closely matches the search criterion provided by the searcher.

2. An official search certificate indicating the search result may be issued by the registrar at the request of the searcher.

[Note to the Working Group: The Working Group may wish to consider whether references to close matches in this article should apply only to searches against the grantor identifier and not the registration number if the enacting States implements a close-match system. There does not seem to be a commercial or practical reason for close matches with respect to registration numbers. The Working Group may also wish to note that the Guide to Enactment will explain that if an enacting State chooses to implement the type of close match system contemplated by alternative B, the rules used by the registry for determining what constitutes a close match should be specified and publicized.]